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MEMORANDUM

The following points seemed to me worthy of consideration in connection with the recent top-level Soviet personnel changes:

1. I find it difficult to accept the thesis that these changes did not reflect, in addition to whatever policy issues may have been involved, important personal rivalries and ambitions among the top group in the Kremlin.

In the first place, there are strong evidences that systematic efforts have been made ever since the death of Stalin to isolate Malenkov in the inner-political sense and to deprive him of his following at the Central Committee level. The recent resignation of Mikoyan, who must surely have been a protagonist of the increased-consumer-goods line, also looks like an effort to isolate Malenkov at the top governmental level, prior to his final humiliation.

The policy differences that did evidently exist would not seem, on the surface, to have been of such a nature as alone to necessitate such a break. Honest differences on policy, when not accompanied by jockeying for personal position, have never been a reason for drastic political punishment, provided these differences have been kept within the proper official group and not been carried beyond the point of final decision. Had Malenkov been inclined to observe these rules, I see no reason why the policy differences should have led to his removal. It is true that he did not observe the first of them, for the taking of a different line by Izvestia in December from that taken by Pravda indicated a desire on his part to take his appeal to the broader public in a dispute with the responsible heads of the Party. But this very fact did confirm that a struggle for power was also involved in the affair. By plugging the consumers-goods line as he did, Malenkov had little hope of persuading his comrades at the Presidium level to alter their views voluntarily; he could only have hoped to bring external pressure to bear upon them, in the hopes of putting them in a position where they could afford, politically, to ignore neither his own views nor his own person.

2. Of key significance, here, is the nature of the issue that was really at stake in the policy sense.

We are told that this issue was one of emphasis as between the further development of heavy industry and the accelerated development of consumers-goods industry. We are further allowed to infer that the

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argument was at no time one as to whether the further development of heavy industry should be cut in deference to consumers-goods program; it revolved rather around the question: Is it possible and desirable, retaining the rate of growth of heavy industry as heretofore, to add the further rapid development of the consumers-goods industries, or is this not possible? This was presumably a question of materials and human resources, i.e., a question of diversion in the real physical effort of Soviet society, rather than a financial question.

The theoretical discussion of this question (the terms of the Konstantinov article and the "Party Life" rebuttal) indicated that what was involved here was more than just a matter of intellectual preference. The protagonists of the consumers-goods line claimed that this line was made necessary by the "objective laws" of the development of society. I can only take this as an indication of a feeling that further progress in overcoming the difficulties with which Soviet society is faced could be achieved only on the basis of greater incentives - that the limit had been reached, in other words, in what could be done by governmental discipline and coercion. Since the only serious economic difficulties the Soviet Government now seems to face are in the agricultural field, this view would appear to relate particularly to the problem of meeting an increased agriculture production. It looks to me as though Malenkov's concept of how this was to be done had leaned toward emphasis on increasing of yields, implying greater incentives to the collective farm population in the form of reduction of taxes and increase of procurement and government-purchase prices, together with the release to the farm consumer of new quantities of consumers-goods sufficient to absorb the increased farm purchasing power, whereas Khrushchev's thinking seems to have emphasized increase of acreage, by the opening up of new land to cultivation. Even this new program of bringing new land under cultivation must of course have involved heavy diversions of farm equipment, technical skill and administrative enthusiasm.

From what little I have been able to read, I have the impression that an attempt was made in 1954 to implement both of these concepts, and that whereas the line with which Malenkov was identified proved popular and promising from the long term standpoint, Khrushchev's line produced greater immediate gains from the short term standpoint. Any attempt to increase collective farm production, particularly of livestock, on an incentive basis was probably bound to lead to new inroads by the farmer himself on the limited grain production for the feeding of the increased livestock holdings - inroads which could be balanced out only after a certain time lag, when livestock products themselves began to relieve the emphasis on bread in the popular diet and when the increase in natural manure began to have real effect on grain yields.

(The effect of the drastic loss of natural fertilizer on Soviet agriculture must not be ignored as a component of the present Soviet agriculture problem. The Soviet Union, in contrast to western countries

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not only replaced the horse by the tractor before there was any extensive increase in other livestock categories to make up the deficit, but at a time when those other livestock categories were at an all-time and catastrophic low, thus knocking the bottom out of the natural fertilizer resources. It is not by accident that Khrushchev, the protagonist of heavy industry, leans to the ploughing up of new lands, for which only the tractor and plough and seed are necessary, whereas Malenkov's emphasis is on the increase of yields, for which livestock increase is of much importance.)

If this analysis is correct, Malenkov's view was perhaps sound over the long term, but involved short term sacrifices, which were easily capitalized on by his enemies for personal-political purposes and which could be portrayed as incompatible with the immediate demands of the world situation, and specifically with the need for a sharp increase in military expenditure.

This brings us to the second aspect of the policy difference. What strikes me as particularly significant in this situation is the fact that if you did not accept the necessity of a sharp rise in military expenditure, including output of end-items for military use, then Malenkov was apparently quite right in his argument. In that case it would seem to have been quite possible to have maintained the rate of development of heavy industry just as it has now been planned and still have made available very considerable resources for the development of the consumers-goods industry and the providing of greater incentives for agricultural production. After all, one could presumably have spared in this way not only much of the actual increase in military expenditures shown in the present budget but also a good portion of the very strange and heavy allocation to the exploitation of heavy industry, which must be assumed to be for military purposes.

The question would seem therefore, to have been: whether to devote a certain surplus potential - financial, technological, manpower-wise and resources-wise - to readying of the Soviet and Satellite armed forces to meet a military-political crisis within the next year or two, or whether to devote that potential to overcoming a growing and serious disparity between the productive capability of the collective farm system and the growing needs of Soviet society for food and agricultural raw materials. The accent of differences here must presumably have lain primarily on the interpretation of the international situation.

The final outcome of these differences would, therefore, seem to me to indicate the predominance and final acceptance by the Soviet hierarchy of a view of the international situation which calls for a high state of readiness of the Soviet armed forces, so far as weapons and equipment are concerned, at some point within roughly the span of one or two years.

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3. Malenkov's demotion in this brutal and humiliating fashion must, it seems to me, constitute a severe shock throughout the entire Communist world.

While it is true that Malenkov's position had been quietly and effectively undermined within the Party, it was probably not undermined to the same extent in the broad mass of the uninitiated Soviet population. For a great many people his abrupt demotion, following in succession Stalin's death and Beria's execution, will come as a suggestion of considerable instability at the top.

This impression must, it seems to me, be particularly strong and significant in the case of the Satellite Communist Parties. The leaders of those parties are extremely sensitive both to the location of power within the Soviet hierarchy and to the firmness and incisiveness with which it is exercised. Evidences of uncertainty and instability at headquarters in Moscow can bring the deepest sort of demoralization to the leaders of the Satellite parties, and through them to the rank and file.

4. Malenkov's elimination will leave the top party leadership in Moscow very thin indeed. Khrushchev, Bulganin, Kaganovich and Molotov are, in fact, the only people left on the Presidium who are, at this moment, of any importance. This is too slender a pinnacle to serve effectively as the fountainhead of authority for so vast an apparatus of power as that which centers in Moscow. If nothing is done to broaden this top command, the situation will continue to be highly unstable. For this reason it seems to me likely that measures will soon have to be taken to correct it. Of these, the most likely seem to me to be the introduction of a high military figure (also a prominent Party member) into the Presidium and some device to give the industrial-managerial class a prominent part in the running of affairs, to make up for the loss it is taking in the case of Malenkov and Mikoyan. If such measures should be implemented, I can conceive that the governmental situation might become again quite stable, until such time as Khrushchev, Bulganin and Molotov are taken by vicissitudes such as illness, old age, or death, for one of which vicissitudes one of them would seem at this time to be a likely candidate. Then when this happens, the question of the promotion of new blood from lower down in the party will become acute, and may again give rise to this tension.

There is, of course, always the possibility that Malenkov may stage a comeback. However, I think he would have to do it within the next four or five months, if he is to do it at all and in order to accept it, I believe he would have to have the support of the most prominent military figures. It seems to me rather unlikely that he should receive this. Their support was also certainly required for his elimination, and unless something drastic happens to change their attitude they will presumably not want him back.

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5. In conclusion I cannot resist pointing to the possibilities these recent developments seem to me to present for western diplomacy.

First, if there was ever a favorable moment for the development of Titoist tendencies among the Satellites, it is this one. To promote these tendencies the last thing the Western Government should do would be to favor them publicly. But there are more suitable ways in which they could be favored. Secondly, if, without in any way weakening its program of building military strength, the Western powers could contrive to reduce generally the cold war tension and to give plausible evidence of a real willingness to discuss at least those components of the East-West problem which will theoretically be acceptable to adjustment this could have a most unsettling effect on the Soviet position, as it would tend to cut the ground out from under the rationale of the present policy and to prove Malenkov right after he has been humiliated on the ground of being wrong.

In making these observations I do not mean to suggest that I am making recommendations for alteration in Western policy. I am merely pointing out the fault of their thinking which I think might prove unsettling to the Soviet hierarchy.

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